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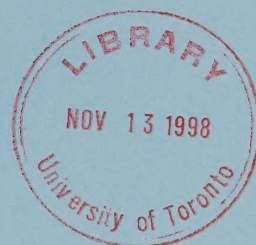


National Energy Board

Reasons for Decision

Sable Offshore Energy Inc.

MH-4-98



October 1998

Detailed Route Hearings

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National Energy Board

Reasons for Decision

In the Matter of

Sable Offshore Energy Inc.

Application dated 9 June 1998 for approval of the Plan, Profile and Book of Reference respecting the detailed route of a subsea pipeline from the Thebaud platform to landfall near Goldboro Nova Scotia; and an onshore pipeline from the landfall point to the inlet of the gas processing plant located east of Goldboro, Nova Scotia.

MH-4-98

October 1998

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represented by the National Energy Board

Cat. No. NE22-1/1998-9E
ISBN 0-662-27338-9

This report is published separately in both official
languages.

Copies are available on request from:

The Publications Office
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta T2P 0X8
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Fax: (403) 292-5503
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Printed in Canada

© Sa Majesté la Reine du Chef du Canada 1998
représentée par l'Office national de l'énergie

N° de cat. NE22-1/1998-9F
ISBN 0-662-83295-7

Ce rapport est publié séparément dans les deux
langues officielles.

Exemplaires disponibles sur demande auprès du:

Bureau des publications
Office national de l'énergie
444, Septième Avenue S.-O.
Calgary (Alberta) T2P 0X8
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Imprimé au Canada

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Abbreviations

Act	National Energy Board Act
Board or NEB	National Energy Board
DNR	Nova Scotia Department of Natural Resources
DOP	Directions on Procedure
EPP	Environmental Protection Plan
Estate Lands	private lands whose ownership is being disputed between an Estate and beneficiaries
km	kilometre
KP	Kilometre Post
LTC Lands	Land Title Clarification Lands
M&NP	Maritimes & Northeast Pipeline Management Ltd.
NB	Province of New Brunswick
NGLs	Natural Gas Liquids
NS or the Province	Province of Nova Scotia
NSP	Nova Scotia Power
PID	Property Identification
PPBoR	Plan, Profile and Book of Reference
Regulations	National Energy Board Pipeline Crossing Regulations, Part I and Part II
RoW	Right-of-Way
SOEI or the Company	Sable Offshore Energy Inc.
SOEP	Sable Offshore Energy Project

Recital and Appearances

IN THE MATTER OF the *National Energy Board Act* ("the Act") and the Regulations made thereunder; and

IN THE MATTER OF an application by Sable Offshore Energy Inc. dated 9 June 1998 for approval of the Plan, Profile and Book of Reference respecting the detailed route of a subsea pipeline from the Thebaud platform to landfall near Goldboro Nova Scotia; and an onshore pipeline from the landfall point to the inlet of the gas processing plant located east of Goldboro, Nova Scotia pursuant to section 33 of the Act; and

IN THE MATTER OF the National Energy Board Hearing Order MH-4-98.

HEARD in Halifax, Nova Scotia on 11 and 12 of August 1998.

BEFORE:

R.J. Harrison	Presiding Member
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J.A. Snider	Member
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C.M. Ozirny	Member
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APPEARANCES:

L.E. Smith	Sable Offshore Energy Inc.
E. Bourgeault	
D. Facey	

H.R.G. Munro	for K.L. McAllister
--------------	---------------------

D.A. Caldwell, Q.C.	for Heartland Resources Inc.
L.I. Berliner	
P. Morris	

P. Enderwick	Board Counsel
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Chapter 1

Background

1.1 Regulatory Process for the Sable Gas Projects

Mobil Oil Canada Properties and Shell Canada Limited, on behalf of the five proponents of the Sable Offshore Energy Project ("SOEP") and Maritimes & Northeast Pipeline Management Ltd. ("M&NP"), commenced the regulatory approval process for the "Sable Gas Projects" in 1995. The Sable Gas Projects consist of several undertakings to drill, produce, transport and process natural gas discovered on the Scotian Shelf near Sable Island.

In June 1996, SOEP applied to the National Energy Board ("NEB" or the "Board") for a Certificate of Public Convenience and Necessity to construct certain offshore and onshore pipelines, and related facilities, to transport gas produced in the offshore area near Sable Island. Gas and associated natural gas liquids ("NGLs") would be collected from offshore drilling platforms and brought onshore by means of a submarine pipeline to a gas plant located near Goldboro, Nova Scotia. NGLs would be transported from the gas plant by an onshore pipeline to Point Tupper, Nova Scotia for further processing and shipping.

In October 1996, M&NP applied under section 52 of the *National Energy Board Act* (the "Act") for a Certificate of Public Convenience and Necessity to construct and operate an onshore pipeline. M&NP's proposed pipeline would ship natural gas developed by SOEP from the SOEP gas plant near Goldboro to markets in the Maritimes and the northeastern United States. M&NP anticipated the building of lateral pipelines (e.g. to Halifax, NS and to Saint John, NB) to develop gas markets in the Maritimes.

A five person Joint Public Review Panel was established to conduct a review of the Sable Gas Projects. Both SOEP's and M&NP's applications were considered at the GH-6-96 public hearing during the spring and summer of 1997 and the Joint Public Review Panel Report was issued by the Panel in October 1997. In its report, the Panel concluded that the SOEP and the M&NP pipelines were not likely to cause significant adverse environmental effects.

On 17 December 1997, pursuant to Certificates GC-94 and GC-95, the Board approved the construction and operation of the SOEP and M&NP facilities, respectively. The SOEP proponents recently formed Sable Offshore Energy Inc. ("SOEI" or the "Company") to hold their interest in the Sable Gas Projects.

1.2 Description of the SOEI Facilities

The SOEI facilities would include an 200 km offshore submarine pipeline which would connect the Thebaud platform near Sable Island to a landfall point approximately three km to the southeast of the Village of Goldboro, Nova Scotia. From this point, a 1.5 km onshore pipeline would be constructed to the boundary of the gas plant site. The site of the gas plant covers approximately 50 hectares, and would be located three km east of Goldboro, south of Gold Brook Lake and west of Seal Harbour

Lake, Nova Scotia. The gas plant has been previously approved by the Board and exempted from the detailed route hearing process.

1.3 Second Stage of Approval Process - Determination of the Detailed Route

Certificate GC-94 granted SOEI the approval of a pipeline within a specified 500 metre wide corridor. Under the provisions of the Act, however, the detailed route is determined during a second stage of approval.

The approval process prescribed by the Act for considering the detailed route is designed to involve all affected landowners and other affected parties. This process begins when the Company files its plan, profile and book of reference ("PPBoR") for the detailed route. The PPBoR identifies the precise location of the pipeline including the lands to be crossed, the types and amounts of land rights required, and the affected landowners and tenants.

Once the PPBoR has been filed, paragraph 34(1)(a) of the Act requires the Company to serve a notice on all landowners from whom land or land rights are proposed to be acquired. This notice describes the proposed detailed route of the pipeline and the procedure to be followed in making objections to the Board. Pursuant to paragraph 34(1)(b) of the Act, the Company must also arrange to publish a notice in at least one issue of a local newspaper. The public notice must include the same information as the paragraph 34(1)(a) notice. Landowners opposing the proposed detailed route have 30 days after receiving the notice to file a written statement with the Secretary of the Board and the Company explaining their interest and their reasons for opposition. Other affected parties have 30 days after the last publication of the public notice to file an objection with the Board.

If no objections to the detailed route are received, the Board may approve the PPBoR without a public hearing. However, if an objection to the route is received, the Board must hold a public hearing in the area where the relevant lands are located. After reviewing all of the evidence, the Board determines the best possible detailed route. A copy of the Board's decision is required to be sent to the Minister of Natural Resources and to each person who made representations at the hearing.

1.4 Detailed Route Hearing Issues

The issues to be considered in detailed route hearings are limited, pursuant to section 36(1) of the Act, to:

- a) the best possible route of the pipeline; and
- b) the most appropriate methods and timing of constructing the pipeline.

Issues previously addressed in the context of the certificate hearing, such as the need for the pipeline and its general route, were not reconsidered during the course of the detailed route hearings. Further, compensation issues were not considered since, as indicated in the Board's MH-4-98 Directions on Procedure ("DOP"), the Board has no authority to consider compensation matters for landowners. The Federal Minister of Natural Resources has the responsibility to determine disputes related to compensation through negotiation and/or arbitration proceedings.

1.5 Scope of Board's Mandate to Consider Alternate Routes

The Board is of the view that, in the context of considering a specific landowner objection to the detailed route as filed by the company, it has no jurisdiction to approve the route outside the corridor in the absence of an application by the proponent. The Board will hear evidence on alternate routes outside the corridor for the sole purpose of assisting it in determining whether the proposed detailed route, as applied for by the Company, should be approved.

Chapter 2

The Application: Detailed Route

2.1 Pipeline Route and Location of Facilities Selection

SOEI used a four step planning process to determine the location of all of the facilities, the objective of the last step of which was to identify the preferred corridor for the onshore pipeline.

Step 1 involved the selection of the Country Harbour area as the preferred corridor for bringing the natural gas from the Thebaud offshore platform to landfall. The result of Step 1 was that the Isaacs Harbour landfall was chosen. Step 2 identified the preferred location for the gas plant within the Country Harbour area. Step 3 identified the preferred gas plant site within that area, involving a detailed comparison of alternatives. Finally, Step 4 identified the preferred corridor for the nearshore and onshore portion of the pipeline.

SOEI then applied to the Board for approval of a 500 metre wide corridor for a 1.5 km onshore pipeline to be constructed from the landfall point to the boundary of the gas plant site. Following the GH-6-96 proceedings, the applied-for 500 metre wide corridor was approved.

2.2 Detailed Route Selection

Working within the 500 metre corridor, SOEI defined a right-of-way ("RoW") between the landfall point and the gas plant, having regard to environmental constraints and control features. The RoW is the actual area where the pipeline will be constructed and is 25 metres wide. However, from landfall to about 700 metres along the proposed detailed route, SOEI has defined an easement of 100 metres in width in order to accommodate temporary working space for initial construction of the pipeline. A structured set of guiding principles was utilized to delineate the RoW.

2.3 Detailed RoW Selection Criteria: Primary and Secondary Principles

The first primary principle utilized by SOEI to determine the alignment of the pipeline RoW within the approved 500 metre corridor placed an emphasis on selecting a direct route between defined control features. In SOEI's view, the need to select a direct route is very much a product of the presence of strong control features in combination with the physical design parameters of the pipeline, namely the relatively large size of the pipeline, large wall thickness of the pipeline, and the overall, relatively short length of the pipeline. In this case, a direct route is required to the greatest extent possible, in order to minimize any bends in a relatively short, yet large diameter pipeline.

The second primary principle used by SOEI to determine the detailed route of the pipeline was the need to minimize the overall length of the pipeline. This principle is based on minimizing potential environmental impacts, minimizing capital and operating costs, and minimizing the number of affected landowners.

The following secondary principles were also utilized by SOEI in the delineation of the RoW:

- a) adhere to the guidelines associated with three classes of constraints; and
- b) minimize the crossing of private lands, lands subject to title disputes and lands within Land Title Clarification Areas. Land Title Clarification areas are areas of lands within Nova Scotia the ownership of which is in question. These areas were avoided to the extent possible in order to minimize interference with private lands, and to bypass altogether lands for which ownership is disputed or in question.

2.4 Constraint Classes

The three different constraint classes utilized by SOEI are described in the following table.

Table 2.4
Constraints by Class

Class 1 (Constraints for which mitigation may not be possible)	Class 2 (Constraint for which mitigation is possible)	Class 3 (Constraints which may require special construction practices)
Blueberry Fields	Agricultural Land (crops to be field investigated)	Bedrock (outcrop)
Eagle Nest	Agricultural Land (tiled area)	Bedrock (shallow)
Ecological Site and Reserve	Atlantic Salmon Angling River	Bedrock (shallow, potentially non-ripable)
Environmentally Sensitive Area (ESA)	Christmas Tree Plantation	Bedrock (potentially acid generating)
Fish Hatchery	Deer Wintering Areas	Mineral Claims
Historical/Archaeological Site	Ducks Unlimited Site	Petroleum Claims
Landfill Site	Land with Recreational Value	Topography (slopes greater than 20 degrees)
Mine/Quarry/Pit	Old Growth Forest	Waterbody
Mining Area	Permanent Sample Plot	
Sugar Bush	Plantation	
Rare Amphibians	Areas with Elevated Potential for Rare Plants	
Wetland	Recreational Area	
Area with Sinkholes	Significant Wildlife Habitat	
Approximate Area of Limestone, Gypsum, Evaporites	Tree Nursery	
Airport Runway	U-Fish Pond	
Cemetery	Water Supply Area	
Church	Housing (closer than 40 metres)	
Military Base	Reserve/Park	
Municipality/Built-Up Area	Stream Crossing	
Reservoir		
School		

2.5 Other RoW Selection Considerations

In addition to the principles and constraints discussed above, SOEI also considered the following factors during the RoW selection process:

- a) avoiding impact on buildings, residences, land use and developed areas;
- b) paralleling existing utility or transportation corridors;
- c) ensuring side slopes or steep slopes in addition to those identified as class 3 constraints were avoided where practical;
- d) avoiding transecting corners of properties;
- e) ensuring the location for crossing other utility corridors does not impact the other utility or the pipeline;
- f) ensuring the availability of access to the RoW;
- g) ensuring a 70-90 degree crossing angle at roads;
- h) ensuring as close to a 90 degree angle at major highways, and significant watercourses where practical; and
- i) ensuring required temporary working room is available at road crossings, railway crossings, watercourse crossings, and for grade cuts.

2.6 Control Features

Due in part to the relationship of the onshore pipeline with the overall project, and to the application of the detailed routing criteria, the detailed route of the onshore portion of the pipeline was influenced by the following control features:

- a) the defined location of the landfall point at the eastern terminus of the route;
- b) the defined location of the gas plant site at the western terminus of the route;
- c) the presence of private lands, the ownership of which is currently subject to dispute between an estate and various beneficiaries (the "Estate Lands") to the northwest of the initial portion of the route; and
- d) the presence of Land Title Clarification Areas, the ownership of which is currently in question (the "LTC Lands"), to the south of the mid and latter portions of the route.

2.7 Description of Route Alignment

The onshore portion of the pipeline would commence at the landfall point, and proceed in a northeasterly direction along the northern most boundary of the lands owned by Nova Scotia Power Inc. ("NSP") at the request of NSP. The route would cross a utility corridor held by NSP, at approximately a 90 degree angle. This initial portion of the route is banded along the north by the Estate Lands.

The route then would continue to a point at the southeastern boundary of the Estate Lands, jog very slightly to the north, and then enter lands owned by the Province of Nova Scotia. This mid portion of the route is banded along the south by LTC Lands. The route then would proceed along the northern boundary of the LTC Lands to the gas plant site. Just prior to entry onto the gas plant lands, the pipeline would jog slightly to the north in order to accommodate a creek crossing.

2.8 Board Comments on SOEI's Detailed Route Selection Process

2.8.1 Consultation

It is regrettable that SOEI did not choose to consult directly and/or meaningfully with the holders of mineral exploration licences during the planning phase of the determination of the detailed route. The establishment of positive working relationships with those parties who hold rights in the land is essential to the ongoing operations of the pipeline. Looking forward in time, it will be necessary to work together with the mineral exploration licence holders, mineral owners, the provincial crown and surface rights owners to ensure that the resource development - both natural gas and other valued resources - can coexist. This coexistence is neither unusual nor impossible. Unfortunately, SOEI may have commenced its relationship with mineral exploration licence holders in a negative fashion.

Chapter 3

Mineral Rights Objections

3.1 Objections by Holders of Mineral Exploration Licences

The Board received objections to SOEI's detailed route from two holders of Mineral Exploration Licences (the "Licences") issued by the Nova Scotia Department of Natural Resources (the "DNR"). The Board considered those objections in hearings held in Halifax, Nova Scotia on 11 and 12 August 1998.

3.2 General Board Comments with respect to Holders of Mineral Exploration Licences

A number of facts determined in these two hearings are common to both of the objections.

- SOEI did not consult with the holders of the Licences during the course of its detailed route selection process.
- The Licences, which give the holders the right to search and prospect for minerals and to apply for a mining lease within the areas described by the Licences, are valid and in good standing.
- A Licence, by its terms, was issued and is held subject to the rights of the owner, occupant or tenant of the land covered by the Licence and to the provisions of the relevant provincial laws.
- One of the important requirements applicable to the Licences is that, prior to carrying out any exploration activities, the holders must obtain permission for surface access from the DNR. By letter dated 7 August 1998, counsel for Sable Offshore Energy Inc. was advised by Rosalind C. Penfound, Executive Director, Land Services Branch of the DNR that the local DNR office for the Guysborough area had been advised "that surface access for mineral exploration on Crown land should not be given for any lands . . . in respect of which certificates have been issued by the National Energy Board ... " The 7 August letter did not explicitly describe the Licences affected by this direction; nor was there any reference to the proposed detailed route of the pipeline.
- No specific applications have been made for surface access by any of the affected Licence holders; and, accordingly, there was no evidence in these proceedings that either of those Licence holders has been denied surface access.

The provincial Crown has the authority to deny surface access to a Licence holder upon application, or to revoke the Licences, thereby effectively extinguishing the rights of the Licence holders to object to the detailed route of the pipeline. There was, however, no evidence that any of these actions had been taken by the DNR in respect of any of the Licences held by the objectors in these proceedings. In the Board's view, unless and until such definitive actions are taken, the interests of the Licence holders,

while dependent on and related to the provincial Crown (or mineral owner) and surface rights owners, form separate interests that, in the context of determining a detailed route under the Act, may not be adequately addressed through contact only with mineral and surface rights owners.

With respect to these objections, the Board is of the view that the failure to consult early in the planning process with holders of Licences puts into question the integrity of the proposed detailed route selection process. Specifically, the Board questions whether involvement of the Licence holders in the route selection process could have resulted in a different applied-for detailed route.

Be that as it may, the Board must now consider whether the respective detailed routes for which approvals are requested are the best possible detailed routes, having regard to all relevant factors, including the comparative merits of any proposed alternatives and the interests of the Licence holders.

3.3 Specific Mineral Rights Cases

The objections for which a hearing was held are summarized below and appear in the order in which they were heard by the Board.

3.3.1 Kevin McAllister

Description of Proposed Route (PPBoR Sheet 1)

Mr. Kevin McAllister holds three Licences issued under the Nova Scotia *Mineral Resources Act* in the vicinity of the pipeline landfall: at Ragged Point, Ragged Rock and at Dung Cove. The offshore approach and proposed onshore route would traverse the Dung Cove Licence area, which spans the width of the 500 m wide corridor.

The onshore portion of the SOEI's proposed detailed pipeline route starts at landfall in Isaacs Harbour, approximately 3 km southeast of the village of Goldboro, in Guysborough County, NS. The detailed route then proceeds in a northeast direction.

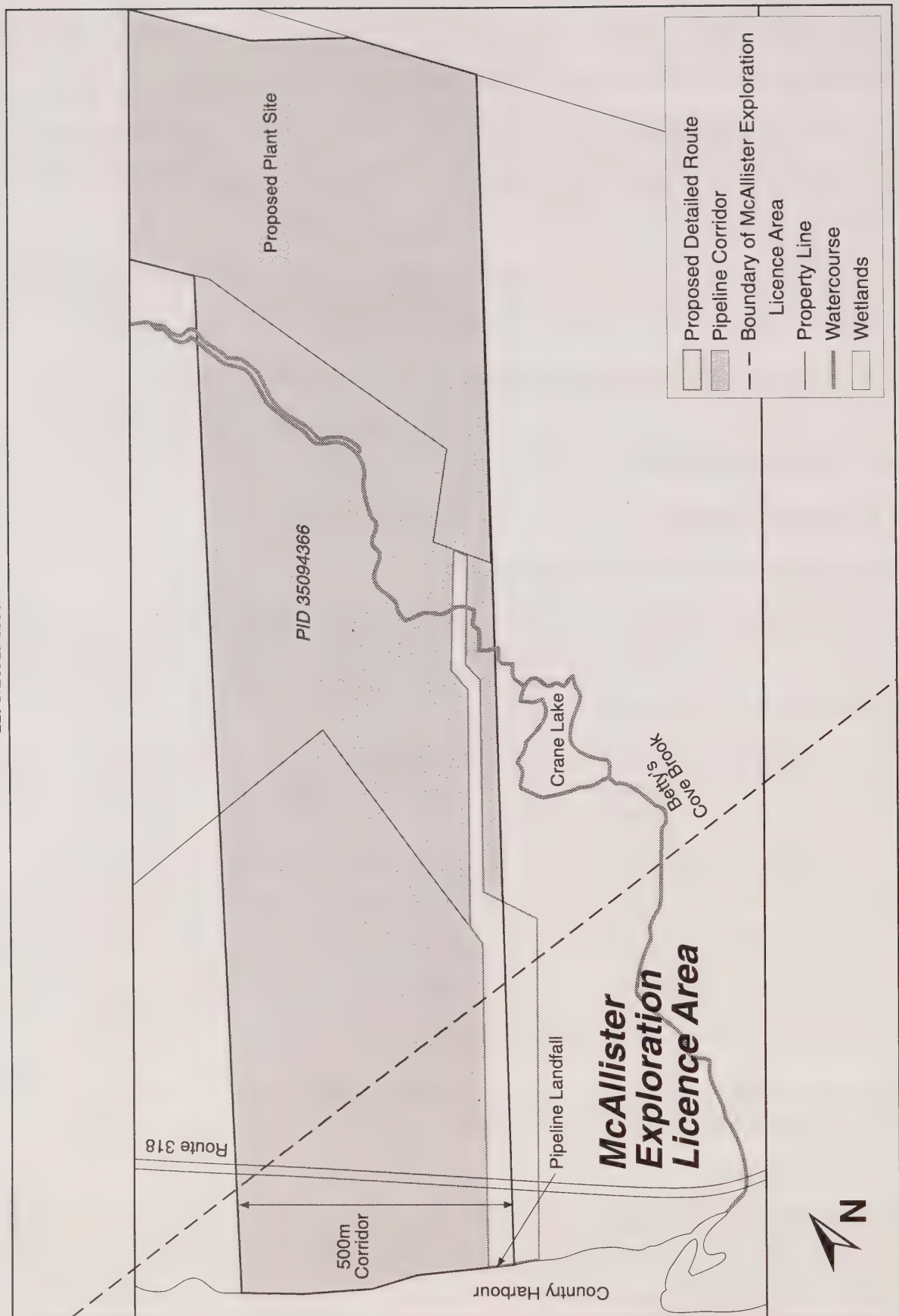
SOEI identified two control points for the proposed route: the point of landfall and the gas plant site. The point of landfall was determined based on near shore bathymetry and the depth requirements of the pipe laying vessel, the requirements for a straight section of pipe at the near shore and landfall locations, the minimum arc radius of the near shore pipe, and avoiding features such as archaeological sites, recreational dive sites and fish habitat. Another constraint to the landfall location was the avoidance of lands where ownership was in question. As the gas plant is already under construction, its location is therefore a control point for the detailed route.

This portion of the route crosses mixed terrain including immature and mature deciduous forest and several watercourses including Betty's Cove Brook and a wetland area.

Nature of Objection

Mr. McAllister objected to the proposed route on the basis that the alignment would adversely affect his mineral exploration activities. He also objected to the lack of consultation provided by SOEI to him as a Licence holder

Figure 3.3.1
K. McAllister



Alternate Route

No alternate route was proposed. Mr. McAllister stated that he did not have the expertise to put forward an alternate route and that this would be the responsibility of SOEI.

Views of the Parties

Mr. McAllister stated that the proposed easement would run between two of his Licence areas and indicated that he believed that he would not be able to explore within the 100 metre easement. He also stated that activities typically associated with exploration such as the use of heavy machinery, blasting and trenching are incompatible with the presence of a pipeline. In addition, Mr. McAllister expressed his belief that the presence of the pipeline would render the probability of a mining company developing the Dung Cove mineral resource nil.

SOEI stated that the proposed route was determined having regard for its route selection criteria. The proposed route would be the shortest possible route, thereby minimizing surface disturbance, length and cost. It would align with the existing foundations and tie-in point for the slug catcher at the gas plant site. The proposed route would avoid a property for which the land title is currently under dispute, and it would further parallel existing property boundaries for much of its length.

SOEI stated that mineral claims/leases were considered as one of the constraint criteria selected during the identification of the preferred near-shore and onshore corridor, but that no alternate corridor was possible that could by-pass all claims/leases. When selecting the proposed route, SOEI identified existing mineral claims as a Class 3 constraint, which may require special construction practices and which would be avoided where practical.

Mr. McAllister stated that prior to receiving a Section 87 notice in March 1998, he was not aware that SOEI intended to "go into that area, particularly Dung Cove" and therefore had not participated in any of the public consultation proceedings. Mr. McAllister argued that SOEI should have considered potential effects to the underlying mineral resources when determining the detailed route.

SOEI stated that although it was aware of Mr. McAllister's Licences during the summer of 1996, it did not contact him because, at that time, information from the DNR indicated that there were no Surface Access Agreements registered for the Licence areas.

Views of the Board

The Board notes that Mr. McAllister's Licence area extends across the entire corridor in this area, so that his interests would be affected wherever the detailed route was located in the corridor. The Board also notes Mr. McAllister's evidence that any route that crosses his Licence area would be unacceptable to him. The Board is therefore of the view that, had SOEI consulted with Mr. McAllister prior to determining the detailed route, the proposed route would likely be no different.

The Board is of the view that all relevant criteria were applied and weighted in an appropriate manner in the determination of the proposed route. The Board is satisfied, therefore, that the route proposed by SOEI is the best possible detailed route.

Decision

The Board finds that the detailed route proposed by SOEI is the best possible route for the pipeline in this case, and that SOEI has committed to the most appropriate methods and timing of construction.

3.3.2 Heartland Resources Inc.

Description of Proposed Route

Heartland Resources Inc. ("Heartland") indicated that it holds Licences which give it the right to explore for gold deposits within a defined area that underlies the proposed route.

The onshore portion of SOEI's proposed detailed pipeline route starts at landfall in Isaacs Harbour, approximately three km southeast of Goldboro, in Guysborough County, NS. The detailed route would then proceed in a northeast direction.

SOEI identified two control points for the proposed route: the point of landfall and the gas plant site. The point of landfall was determined based on near shore bathymetry and the depth requirements of the pipe laying vessel, the requirements for a straight section of pipe at the near shore and landfall locations, the minimum arc radius of the near shore pipe, and avoiding features such as archaeological sites, recreational dive sites and fish habitat. Another constraint to the landfall location was the avoidance of lands where ownership was in question. As the gas plant is already under construction its location is therefore a control point for the detailed route.

This portion of the route crosses mixed terrain including immature and mature deciduous forest and several watercourses including Betty's Cove Brook and a wetland area.

Nature of Objection

Heartland stated that SOEI's proposed detailed route for the pipeline would significantly impede its ability to carry out its planned exploration program for the area and there would be a significant effect on the market value of its securities.

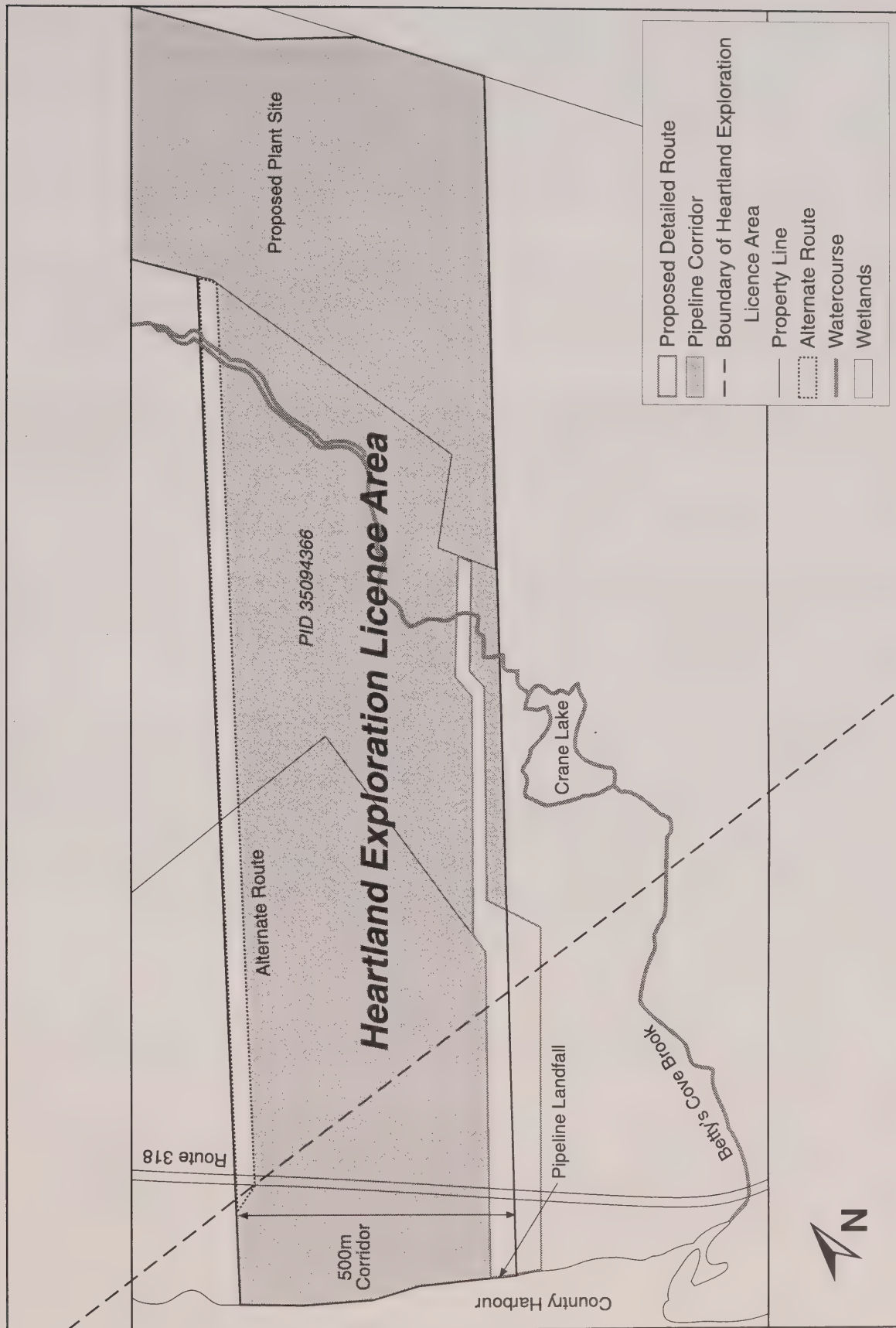
Alternate Route

An alternate route for the pipeline was proposed by Heartland. The alternate route would start at landfall on the west side of the 500 metre certificated corridor. At this point, it would bend in a northeasterly direction, roughly parallel and adjacent to the corridor edge until it reached the gas plant site. The alternate route would remain entirely within the corridor.

Views of the Parties

Heartland stated that the construction of the pipeline would affect its planned exploration activities if the construction occurred before September 1999. It stated that it planned to explore the area from October 1998 until September 1999.

Figure 3.3.2
Heartland Resources Inc.



With respect to timing of construction, SOEI expressed concern that delay of the construction would impact the start-up of the overall project and would be prejudicial to the success and feasibility of the project. It noted that because Heartland does not have surface access to conduct exploration and that it is not likely to receive surface access permission, a delay in the construction is not justified and would not resolve issues regarding Heartland's mineral interests.

Heartland argued that SOEI's consultation process failed to consider the interests of holders of Licences.

SOEI argued that there are no current surface access permits granted to Crown lands in the area of the proposed route. SOEI submitted that, based on correspondence to SOEI from the DNR, there would not be any surface access granted for mineral exploration on Crown lands in which certificates have been issued by the Board.

SOEI stated that the proposed route was determined having regard for its route selection criteria. The proposed route would be the shortest possible route, thereby minimizing surface disturbance, length and cost. It would align with the existing foundations and tie-in point for the slug catcher at the gas plant site. The proposed route would avoid a property for which the land title is currently under dispute, and it would further parallel existing property boundaries for much of its length.

Heartland submitted that the alternate route would not be significantly longer than the proposed route. In addition, the alternate route would still be within the certificated corridor. The alternate route would cause less of an impact on Heartland because it is located in an area that has lower potential for exploration than the area of the proposed route.

SOEI argued that Heartland did not take into consideration factors other than those which would cause the least impact to Heartland. Heartland did not consider the interests of other landowners or that environmental constraints had been identified and weighed. SOEI submitted that it had significant concerns with the alternate route including: increased length to the pipeline and thereby increased surface disturbance; two ninety degree bends in the pipe; the crossing of additional lands that are currently not part of the proposed route; increased construction costs; construction across side slopes beside Betty's Cove Brook which would contravene a condition imposed on SOEI by the Nova Scotia Minister for the Environment; and construction difficulties at the control points.

Views of the Board

The Board notes that Heartland's Licence area extends across the entire corridor in this area and that its interests would be affected wherever the detailed route is located in the corridor.

Heartland's request for a delay in construction to allow it to carry out its exploration program is at this time an open-ended request for delay of the project. Heartland does not presently have consent for surface access which would make the timing of any exploration program uncertain. In the Board's view it would not be appropriate to require SOEI to delay construction in these circumstances.

The Board notes SOEI's commitment to work with Heartland to mitigate the impacts of the pipeline on future exploration and mining activities that may occur in the vicinity of the easement.

On the evidence concerning the proposed and alternate routes, the Board is persuaded that Heartland's alternate route poses potential problems which are not present on the proposed route and that on balance the proposed route is superior to the alternate.

The Board is of the view that all relevant criteria were applied and weighted in an appropriate manner. The Board is satisfied, therefore, that the route proposed by SOEI is the best possible detailed route.

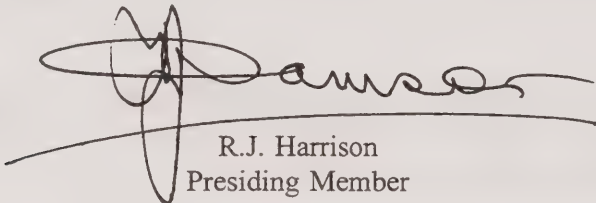
Decision

The Board finds that the detailed route proposed by SOEI is the best possible route for the pipeline in this case, and that SOEI has committed to the most appropriate methods and timing of construction.

Chapter 4

Disposition

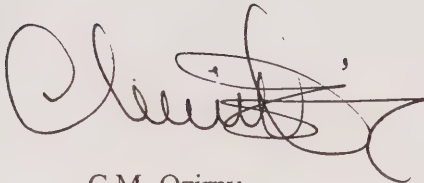
The foregoing chapters constitute our Decisions and Reasons in the Board's MH-4-98 detailed route hearings.



R.J. Harrison
Presiding Member



J.A. Snider
Member



C.M. Ozirny
Member

Calgary, Alberta
October 1998

